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4 June 1954

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT : Middle East Oil Antitrust Suits

1. I have some reservations about the attached letter which I feel I should express but which after discussions with General [] and Mr. Amory may not affect the proposed dispatch. If we were starting from scratch, I would certainly recommend a different procedure, but having been informed of some of the circumstances surrounding this matter it may be that we have no alternative.

2. My thoughts are based to a considerable degree on discussions with Judge Stanley Barnes in connection with the impact of national security considerations on the prosecution of the antitrust suits. These discussions have no relation to the oil cases. Judge Barnes took the very proper position that the Department of Justice would never enter into what might appear to be a deal with the defendants in the suit, but the Department was keenly aware that where the national interest was involved it must weigh appropriate policy guidance in the decision to prosecute or in the manner of prosecution.

3. It is apparent that what Judge Barnes is seeking is appropriate policy guidance. This is, of course, out of our line, and the letter has been carefully phrased to avoid the appearance of such guidance. However, the circumstances are unfortunate. Normally our role would be to estimate the situation or, as in this case, the validity of facts submitted to another department as proper intelligence support and at the request of such agency. Here, however, we are evaluating testimony given to us and forwarding it to the Department of Justice apparently at the instigation of the defendant companies. I realize that this appearance is not entirely the case, but on the face of the letter and without considerable explanation this is what the record shows. So taken in the worst light this letter could be construed as policy guidance to the Department of Justice on antitrust suits presented at the request of the defendant companies.

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4. General [] and Mr. Amory agreed with the technical validity of my position, but they do not believe that practically there is need to be concerned about it. They have, as I understand, no objection if a workable remedy can be developed. Ideally, I feel that our estimate or evaluation of the testimony should go to the policy-forming authority, which in this case would be either the Department of State or the National Security Council. My understanding from Judge Barnes is that normally he would require guidance from the National Security Council if it were to control in any way his decisions. I understand from Mr. Amory that he is very much against getting this problem back in the National Security Council formally or informally. As a partial remedy I feel we might approach Judge Barnes and say we have been studying testimony of various sorts and if he felt our opinion would be helpful he should request us to comment thereon. We could then make our letter directly responsive to his request.

5. If you wish me to get in touch with Judge Barnes, I think he would be willing to make such a request. As a general philosophical comment not affecting the present situation, it seems to me that the Department of State and this Agency have gotten our roles reversed in some respects.

Attachment

S/
LAWRENCE R. HOUSTON
General Counsel

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